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REPUBLICAN TAX PLANS HELPED LOW INCOME WORKERS FIRST

The tax cut of 2001 helped low income workers in the following ways:

It created a new 10 percent bracket - the lowest bracket at that time was 15 percent - and reduced the tax burden from 15 to 10 percent *immediately*. Other taxpayers also received a tax cut, but phased in over time (now accelerated by the 2003 bill).

It made the child tax credit refundable. At that time, only *taxpayers* were eligible for the credit. The 2001 tax bill created a system for low income workers to receive a cash payment from the government in addition to their Earned Income Tax Credit payment.

Additionally, the 2003 tax cut package:

Expanded those eligible for the 10-percent bracket to include more taxpayers.

Increased the standard deduction from \$7,950 to \$9,500 for married couples.

Those provisions combine to reflect a 100-percent increase in the *payments received* by low income workers beyond their *combined* income and payroll tax burden.

After the 2001 and 2003 tax bills:

A single earner with two children pays no income taxes on income of up to \$21,700.

A married couple with two children pays no income taxes on income of up to \$40,000.

See attached tables.